

VERNON PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)
Leesville, Louisiana

Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2001

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

HONORABLE JOHN S. CRAFT
VERNON PARISH SHERIFF AND
EX-OFFICIO TAX COLLECTOR
Leesville, Louisiana

I have audited the financial statements of the Tax Collector Agency Fund of the Vernon Parish Sheriff as of June 30, 2001, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of sheriff's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in note 1, the Vernon Parish Sheriff is the ex-officio parish tax collector for the various taxing bodies within Vernon Parish, and the accompanying financial statements present information on the activities of the ex-officio parish tax collector. Further, the accompanying financial statements have been prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Tax Collector Agency Fund of the Vernon Parish Sheriff at June 30, 2001, and the collection and distributions for the year then ended, on the basis of accounting as described in note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 5, 2001, on my consideration of the internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants as it relates to the Tax Collector Agency Fund of the Vernon Parish Sheriff. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
October 5, 2001

Statement A

VERNON PARISH SHERIFF
Leesville, Louisiana
TAX COLLECTOR AGENCY FUND

Statement of Assets and Liabilities
Arising from Cash Transactions
June 30, 2001

ASSETS

Cash and equivalents

\$113,113

=====

LIABILITIES

Due to taxing bodies and others

\$113,113

=====

The accompanying notes are an integral part of this statement.

VERNON PARISH SHERIFF
Leesville, Louisiana
TAX COLLECTOR AGENCY FUND

Statement Collections, Distributions, and Unsettled Balances
For the Year Ended June 30, 2001

| | |
|--------------------------------------|-----------|
| UNSETTLED BALANCES, JULY 1, 2000 | \$554,382 |
| ----- | ----- |
| COLLECTIONS | |
| ----- | |
| Ad valorem taxes | 8,131,608 |
| State revenue sharing | 1,016,950 |
| Sporting licenses | 7,986 |
| Interest on: | |
| Delinquent taxes | 5,447 |
| Demand deposits | 15,732 |
| Protest taxes | 3,893 |
| Parish licenses | 166,505 |
| Tax notices, etc. | 77,594 |
| | ----- |
| Total collections | 9,425,714 |
| | ----- |
| Total | 9,980,096 |
| | ----- |
| DISTRIBUTIONS | |
| ----- | |
| Louisiana Department of: | |
| Wildlife and Fisheries | 7,506 |
| Agriculture and Forestry | 39,564 |
| Louisiana Tax Commission | 14,732 |
| Vernon Parish: | |
| Police Jury | 3,265,579 |
| School Board | 3,513,457 |
| Assessor | 503,242 |
| Law Enforcement District | 1,772,627 |
| West Vernon Water District | 96,567 |
| South Vernon Water District | 70,995 |
| Pension funds | 233,337 |
| Refunds, etc. | 349,377 |
| | ----- |
| Total distributions | 9,866,983 |
| | ----- |
| UNSETTLED BALANCES AT JUNE 30, 2001, | |
| ----- | |
| DUE TO TAXING BODIES AND OTHERS | \$113,113 |
| ----- | ===== |

The accompanying notes are an integral part of this statement.

VERNON PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)
Leesville, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2001

INTRODUCTION

As provided by Article V, Section 27, of the Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. As ex-officio parish tax collector of the parish, the sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and sporting licenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Louisiana Revised Statute (LSA-R.S.) 24:517(D) requires the accounts of each parish tax collector to be audited annually. Accordingly, the accompanying financial statements reflect the financial activity of the sheriff related only to the responsibility as ex-officio parish tax collector. Amounts included in these financial statements are also included in the sheriff's annual general purpose financial statements.

B. BASIS OF ACCOUNTING

The accounts of the Tax Collector Agency Fund are established to reflect the collections imposed by law, and the distributions pursuant to such law, and unsettled balances due the various tax recipient bodies and others. The accompanying financial statements have been prepared on the cash basis of accounting, with collections recognized when received and distributions recognized when paid.

C. CASH AND EQUIVALENTS

State law authorizes the sheriff to deposit tax collections, in interest bearing accounts, with a bank (fiscal agent) domiciled in the parish where the funds are collected. Further, the sheriff may invest these deposits in certificates of deposit or other investments permitted by law. At June 30, 2001, the book balance totaling \$113,113 is deposited in interest bearing accounts.

Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2001, the sheriff has cash (collected bank balances) of \$135,079. These deposits are secured from risk by approximately \$100,000 of federal deposit insurance (GASB Category 1) and \$35,079 of the pledge of bank-owned securities held in the name of the pledging fiscal agent bank in a holding or custodial bank that mutually acceptable to both parties (GASB Category 3).

VERNON PARISH SHERIFF
 (AS EX-OFFICIO PARISH TAX COLLECTOR)
 Notes to the Financial Statements
 Continued

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent bank has failed to pay deposited funds upon demand.

2. STATE REVENUE SHARING FUNDS

The revenue sharing funds provided by Act 36 of 2000 were distributed as follows:

| | |
|--|--------------------|
| Louisiana Department of Agriculture and Forestry | \$1,422 |
| Vernon Parish: | |
| Assessor's Assessment District | 64,300 |
| Law Enforcement District | 239,828 |
| Police Jury | 372,973 |
| School Board | 293,020 |
| West Vernon Water District | 10,108 |
| South Vernon Water District | 13,613 |
| Pension Funds | 21,686 |
| Total | <u>\$1,016,950</u> |

3. TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:2110 provides that taxpayers, at the time of payment of all taxes due, give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid is segregated and held by the tax collector for a period of 30 days. If suit is filed within the 30-day period for recovery of such amounts, the funds are held pending outcome of the suit. If the taxpayer prevails, the tax collector refunds the amount due, with interest at the actual rate earned from the date the funds were received by the tax collector. The following is a summary of changes in the taxes paid under protest:

| | |
|---|------------------|
| Balance, July 1, 2000 | \$289,987 |
| Additions: | |
| Taxes | 88,180 |
| Interest | 3,893 |
| Settlements to taxing bodies and others | <u>(292,941)</u> |
| Balance, June 30, 2001 | <u>\$89,119</u> |

INDEPENDENT AUDITOR'S REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following contains the report on compliance and internal control over financial reporting required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements.

HERBIE W. WAY
CERTIFIED PUBLIC ACCOUNTANT

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

HONORABLE JOHN S. CRAFT
VERNON PARISH SHERIFF AND
EX-OFFICIO TAX COLLECTOR
Leesville, Louisiana

I have audited the financial statements of the Tax Collector Agency Fund of the Vernon Parish Sheriff as of and for the year ended June 30, 2001, and have issued my report thereon dated October 5, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting
In planning and performing my audit, I considered the internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Prior Year Audit Findings
The audit for the year ended June 30, 2000, disclosed no instances of noncompliance that were required to be reported under *Government Auditing Standards* or matters involving the internal control over financial reporting and its operation that were considered to be material weaknesses.

VERNON PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)
Leesville, Louisiana
Internal Control and Compliance Report
(Continued)

This report is intended for the information of the Vernon Parish Sheriff, its audit committee, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Herbie W. Way

Herbie W. Way
Alexandria, Louisiana
October 5, 2001